

MARKET SUMMARY

Complete Recap of Today's Market Activity

Bonds Giving Up Early Gains, But Not Due to Data

Market Summary: Thursday, November 21, 2024 - 3:07PM

It's been a bit of a chaotic morning so far, but in a narrow enough range to make it relatively boring in the bigger picture. Bonds began the day in slightly stronger territory and managed to improve a bit more after the 8:30am econ data. Selling picked up mysteriously at 9am and buyers fought back at the 9:30am NYSE open. After multiple lead changes, weaker momentum has prevailed since 10am and bonds are entering the 2nd half of the day in microscopically weaker territory.

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The Case For a Sideways Ceiling Continues to Build



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MBS & Treasury Markets

UMBS 5.5 98.87 0.00 | 10YR 4.421% +0.015% 11/21/2024 5:00PM EST

Bonds Giving Up Early Gains, But Not Due to Data

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The friendly reaction to the data is impressive, given the state of jobless claims. We continue to prefer comparing non-seasonally adjusted numbers to their comparable weeks from previous years. In so doing, we find 2024 is doing about as well as any of the recent benchmark years.

The counterpoint to the jobless claims reactions continues to be the state of continuing claims which continue (yes, I said it 3 times in one sentence) to paint a less optimistic picture than initial claims.

ALERT: MBS at Lows

UPDATE: Jobless Claims Stay Low, But Continued Claims Help Offset

Today's Mortgage Rates

30YR Fixed 7.04% -0.01% | 15YR Fixed 6.41% +0.00% 11/21/2024

Mortgage Rates Have Been Much Calmer, But They're Still High

Remember October and the first part of November--not because of the election, but rather because of the relentless rise in ? Would you rather forget? You're not alone. It was the fastest rate spike since 2022, and it was made all the more memorable because it put an end to the first real uptick in refinance activity in just as long.

In the days following the election, there was quite a bit of volatility in rates, but with the benefit of hindsight, we can say that the volatility has subsided. Tuesday, November 12th was the last time rates made a decently big day-over-day move. Since then, we haven't seen top tier 30yr fixed rates change by more than 0.04% in either direction. More impressively, they've held a range of only 0.06% during that time. That's a low volatility environment by any standard.

Today fit perfectly in that narrative with the average lender only moving up 0.01%. After adjusting for upfront costs, 30yr fixed rates remain just over 7%.

Any time we're marveling at the absence of volatility, a word of caution is in order. Volatility can come back any time. Its return can be driven by surprises or by scheduled data. At the very least, we can be sure that the scheduled data in the first two weeks of December has immense potential to reignite volatility, for better or worse.

| Time | Event | Actual | Forecast | Prior |
|-------------------------|--|---------|----------|---------|
| Thursday, Nov 21 | | | | |
| 8:30AM | Nov/09 Continued Claims (ml) | 1908K | 1870K | 1873K |
| 8:30AM | Nov/16 Jobless claims 4-wk avg (k) | 217.75K | | 221K |
| 8:30AM | Nov/16 Jobless Claims (k) ★ | 213K | 220K | 217K |
| 8:30AM | Nov Philly Fed Prices Paid | 26.60 | | 29.70 |
| 8:30AM | Nov Philly Fed Business Index ☆ | -5.5 | 8 | 10.3 |
| 8:30AM | Nov Philly Fed Business Conditions | 56.6 | | 36.7 |
| 8:30AM | Nov Philly Fed CAPEX Index | 24.90 | | 23.50 |
| 8:30AM | Nov Philly Fed Employment | 8.6 | | -2.2 |
| 8:30AM | Nov Philly Fed New Orders | 8.9 | | 14.2 |
| 10:00AM | Oct CB Leading Index MoM (%) | -0.4% | -0.3% | -0.5% |
| 10:00AM | Oct Exist. home sales % chg (%) ☆ | 3.4% | | -1% |
| 10:00AM | Oct Existing home sales (ml) ☆ | 3.96M | 3.93M | 3.84M |
| 10:30AM | Nov/15 Nat gas-EIA, change bcf | -3Bcf | 5Bcf | 42Bcf |
| 11:00AM | Nov KC Fed manufacturing | -4 | | 0 |
| 11:00AM | Nov Kansas Fed Composite Index | -2 | | -4 |
| 11:30AM | 8-Week Bill Auction | 4.480% | | 4.460% |
| 11:30AM | 4-Week Bill Auction | 4.530% | | 4.510% |
| 12:00PM | Nov/20 15-Year Mortgage Rate | 6.02% | | 5.99% |
| 12:00PM | Nov/20 30-Year Mortgage Rate | 6.84% | | 6.78% |
| 12:25PM | Fed Goolsbee Speech ☆ | | | |
| 12:30PM | Fed Hammack Speech ☆ | | | |
| 1:00PM | 10-yr Note Auction (bl) ★ | 17 | | |
| 1:00PM | 10-Year TIPS Auction | 2.071% | | 1.592% |
| 4:30PM | Nov/20 Central Bank Balance Sheet | \$6.92T | | \$6.96T |
| Friday, Nov 22 | | | | |
| 9:45AM | Nov S&P Global Manuf. PMI ☆ | 48.8 | 48.8 | 48.5 |
| 9:45AM | Nov S&P Global Composite PMI ☆ | 55.3 | | 54.1 |
| 9:45AM | Nov S&P Global Services PMI ★★ | 57.0 | 55.2 | 55.0 |
| 10:00AM | Nov U Mich conditions ☆ | 63.9 | 64.4 | 64.9 |
| 10:00AM | Nov Sentiment: 5y Inflation (%) ☆ | 3.2% | 3.1% | 3% |
| 10:00AM | Nov Sentiment: 1y Inflation (%) ☆ | 2.6% | 2.6% | 2.7% |
| 10:00AM | Nov Consumer Sentiment (ip) ☆ | 71.8 | 73.7 | 70.5 |
| 10:00AM | Nov Michigan Consumer Expectations Final | 76.9 | 78.5 | 74.1 |
| 1:00PM | Nov/22 Baker Hughes Oil Rig Count | 479 | | 478 |
| 1:00PM | Nov/22 Baker Hughes Total Rig Count | 583 | | 584 |

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Are Rates Done Freaking Out Yet?

Mortgage rates bounced hard off the long term lows back in September and had jumped almost a full percent by last week. In addition to the elevated levels, there's been plenty of volatility. Nonetheless, rates managed to avoid breaking last week's ceiling-- even if only just. Does that mean it's time for hope? Hope is always a fine thing to have, but it's not a strategy when it comes to mortgage...

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